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# State of Utah Department of Commerce

Division of Securities

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## NEWS RELEASE

January 31, 2008

### **Prosperity Capital and Other Sellers of Real Estate Notes Accused of Fraud Scheme**

***Investors were told they would earn 2-3% interest per month for notes backed by real estate. . .***

**SALT LAKE CITY, Utah** – The Utah Division of Securities today issued an order to show cause against two companies who took money from investors, saying the funds would be invested in a FranklinSquires fund. Investors were told their money would be invested in real estate having 20-30% equity. Those named in today's enforcement action are: Prosperity Investment, LLC, Prosperity Capital, LLC, Brandon M. McBride, Douglas K. Brooks, John L. Webster, and Corey J. Wood, all of Utah County. McBride is the manager of Prosperity Investment. Brooks, Webster, and Wood are members of Prosperity Capital.

The order to show cause alleges that in late 2005, Brooks and McBride solicited \$81,500 from an investor for Prosperity Investment. In 2006 and 2007, Brooks, Wood, and Webster solicited \$79,000 from the same investor and one other for Prosperity Capital. Investors were told their money would be invested in real estate, that there was very little risk involved, and that they would receive 2-3% interest per month. The investors received promissory notes evidencing their investment.

According to the Division, Brooks and McBride jointly solicited investments in Prosperity Investments. In February 2006, they parted ways and Brooks started Prosperity Capital, along with Wood and Webster. These three continued soliciting investors and told earlier investors their money invested through McBride and Prosperity Investments was not safe. One investor withdrew his money from Prosperity Investments and put it in Prosperity Capital. None of the investors has received a return of their investment principal in Prosperity Capital.

The two companies and their owners are accused of securities fraud for misrepresenting the investments as being low risk and for failing to tell investors the background and experience of the companies, the financial condition of Prosperity Investments and Prosperity Capital, how the money actually would be used, and about any conflicts of interest.

The order to show cause seeks to have an administrative law judge order the two companies and their managers to cease and desist violating the law and pay fines of \$20,000 for Prosperity Investments and McBride and \$95,000 for Prosperity Capital, Brooks, Webster, and Wood. A hearing will be held on March 18, 2008 to determine whether the companies and individuals want to dispute the Division's allegations.